

**ECONOMY PDG
18 MAY 2017**

BRIEFING PAPER: APPRENTICESHIP LEVY

Cabinet Member(s): Cllr Margaret Squires

Responsible Officer: Jane Cottrell

Reason for Briefing Paper:

From 06 April 2017 the way the Government funds apprenticeships in England is changing. Employers with a pay bill over £3 million will be expected to pay 0.5% of their pay bill towards a new 'Apprenticeship Levy' to be spent purely on apprenticeship standards to increase skills within the workplace. The pay bill is based on the total employee earnings that are subject to national insurance contributions. This will not include:

- Earnings of employees under 21 years
- Apprentices under 25 years
- Earnings on which class 1A NICs are payable, such as benefits in kind

For Mid Devon District Council the amount we will pay is approximately £50k per year which will be paid monthly into a digital account. There is a £15k per year allowance included and this is deducted before our levy reaches the digital account. We have 24 months to spend the money within the digital account (based on a first in first out payment). If the money is not spent after 24 months we will lose it to central Government.

We can only use funds in the account to pay for apprenticeship training and assessment for apprentices up to the funding band maximum for that apprenticeship. If the costs of training and assessment go over the funding band maximum, we will need to pay the difference with other funds. We cannot use funds in the account to pay for other costs associated with apprentices (such as wages, statutory licenses to practice, travel and subsidiary costs, work placement programmes or the setting up of an apprenticeship programme).

The apprenticeship standards are open to staff, both new and existing. They are not ring fenced to certain age groups. However, there is an additional £1000 funding given to employers if the employee is aged between 16-18 and a further £1000 if the employee is on an Education, Health and Care Plan (EHCP). A list of the various Apprenticeship standards are being published and the main difference is that anyone completing an Apprenticeship standard will now have to complete an end point assessment. The apprenticeship standard will be a recognised qualification and the plan is that this will replace the old apprenticeship frameworks by 2020. The levy will not affect the way we fund training for apprentices who started their programme before 1 May 2017.